

IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S.O. 1998, c.O.15, Sch. B;

AND IN THE MATTER OF an application by London Hydro Inc. for an order or orders approving or fixing just and reasonable distribution rates and other charges, to be effective May 1, 2012.

AND IN THE MATTER OF a Motion to Review and Vary by London Hydro Inc. pursuant to the Ontario Energy Board's Rules of Practice and Procedure for a review of the Board's Decision and Order in proceeding EB-2011-0181.

SUPPLEMENTARY MOTION RECORD OF LONDON HYDRO INC.

For a Review of the Board's Decision Dated April 4, 2012

London Hydro Inc.
By its Counsel

Borden Ladner Gervais LLP
40 King Street West
Suite 4100
Toronto, ON M5H 3Y5

James C. Sidlofsky
(T) (416) 367-6277
(F) (416) 361-2751
(E) jsidlofsky@blg.com

TO: Ontario Energy Board
P.O. Box 2319
2300 Yonge Street
26th. Floor
Toronto ON M4P 1E4
Tel: (416) 481-1967
Fax: (416) 440-7656

AND TO: Intervenor of Record

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EB-2012-0220

IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, (Schedule B);

AND IN THE MATTER OF an application by London Hydro Inc. for an order or orders approving or fixing just and reasonable distribution rates and other charges, to be effective May 1, 2012.;

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SUPPLEMENTARY MOTION MATERIAL

INTRODUCTION:

1. On April 24, 2012, London Hydro Inc. ("London Hydro") delivered a Notice of Motion (the "Motion") for review and variance of that portion of the Board's Decision With Reasons dated April 4, 2012, in the matter of London Hydro's 2012 Incentive Regulation Mechanism ("IRM") distribution rate adjustment application (EB-2011-0181), relating to amounts recoverable under the Board's Lost Revenue Adjustment Mechanism ("LRAM"), and more particularly that London Hydro be permitted to recover additional LRAM amounts of \$202,820.96 representing 2010 revenue impacts of CDM program activities.¹
2. The Motion also sought certain other relief, including an order staying the operation of that portion of the Board's Decision dated April 4, 2012 pending the resolution of this Motion, or alternatively an order allowing the revenue requirement impact of the Motion to be tracked and recovered from ratepayers if the Motion is successful.

¹ London Hydro's total adjusted LRAM claim was for \$355,473.45 (page 5 of London's Reply Submission to VECC Interrogatories). The Board approved the recovery of \$152,652.49 for 2010 CDM programs (page 15 of the Decision); the difference (or unapproved amount) is \$202,820.96.

3. On May 7, 2012, the Board issued Procedural Order No.1 (“PO#1), in which it ordered, among other matters, that “London Hydro shall file with the Board and deliver to VECC any additional material in support of its motion by no later than May 14, 2012”.

4. London Hydro offers the following additional comments in respect of the Motion at this time. As the Board will be aware from the London Hydro Motion material delivered April 24, 2012, one of the matters addressed in the Motion is the inconsistency of the Board’s Decision in the London Hydro application with its treatment of other distributors in similar circumstances. In the original Motion material, London Hydro had mentioned the Board’s Decision and Order in Bluewater Power’s 2012 IRM Application (EB-2011-0153). The following comments relate to Decisions and Orders in two other IRM applications in which the Board allowed recovery of LRAM-related amounts of the kind requested by London Hydro and rejected by the Board. London Hydro may have further comments on Decisions of the Board in its reply submission, scheduled by PO#1 to be filed by May 25, 2012.

THE THRESHOLD QUESTION:

5. At page 2 of PO#1, the Board advised that “the most expeditious way of dealing with this Motion is to consider concurrently the threshold question of whether the matter should be reviewed (as contemplated in the Board’s *Rules of Practice and Procedure*) and the merits of the Motion.”

6. London Hydro will address any Board Staff and intervenor submissions in this regard in its reply submission. London Hydro notes, however, that at paragraph 8 of its April 24, 2012 Motion, it has identified what it respectfully submits are errors in the Board’s April 4, 2012 Decision – both errors in fact (in denying the requested relief in the face of interrogatory responses in London Hydro’s 2009 cost of service application that clearly indicate that London Hydro’s cost of service application did not include lost revenue from CDM programs deployed in 2009 and persistence from 2009 programs in 2010 and that those matters may be addressed at a later date) and errors in the application of the Board’s March 28, 2008 *Guidelines for Electricity Distributor Conservation and Demand Management* (EB-2008-0037). London Hydro therefore respectfully submits that the threshold question should be answered in the affirmative.

THE WEST COAST HURON AND ENERSOURCE HYDRO MISSISSAUGA DECISIONS:

- **West Coast Huron Energy Inc.**

7. In West Coast Huron Energy Inc.'s ("WCH's") 2012 IRM application (EB-2011-0203), WCH requested recovery of an LRAM claim that consisted of the effect of 2006 to 2010 programs persisting until April 30, 2012. At pages 9-10 of its Decision in the WCH proceeding, the Board discussed the Board Staff position on the LRAM request as it related to lost revenues from 2009 programs and persisting lost revenues from 2006-2009 programs in 2009, 2010, 2011 or 2012, as follows:

"Board staff noted that in cases in which it was clear in the application or settlement agreement that an adjustment for CDM was not being incorporated into the load forecast specifically because of an expectation that an LRAM application would address the issue, and if this approach was accepted by the Board, then Board staff would agree that an LRAM application is appropriate. Board staff requested that WCH highlight in its reply submission whether the issue of an LRAM application was addressed in their cost of service application.

Board staff submitted that in the absence of the above information, it does not support the requested 2009 recovery of lost revenues from 2009 CDM programs or the persisting lost revenues from 2006, 2007, 2008 and 2009 CDM programs in 2009, 2010, 2011 or 2012 since these should have been reflected in WCH's 2009 load forecast when it was last rebased."

8. The Board, however, allowed the WCH LRAM request as it related to lost revenues from 2009 programs and persisting lost revenues from 2006-2009 programs in 2009, 2010, 2011 or 2012. In doing so, the Board made the following comments:

"...lost revenues from 2009 CDM programs in 2009, persisting lost revenues from 2006, 2007, and 2008 programs in 2009, and persisting lost revenues from 2006, 2007, 2008, and 2009 programs in 2010. The Board notes that lost revenues are only accruable until new rates (based on a new revenue requirement and load forecast) are set by the Board, as the savings would be assumed to be incorporated in the load forecast at that time. In the decision of the Board in WCH's 2009 CoS application, EB-2008-0248, the Board specifically acknowledged that the load forecast for the 2009 test year did not include CDM effects. The Board stated that, "[w]hile the Board notes that customer count may be overestimated and the absence of broader economic and CDM effects..."¹ As such, the Board is of the view that it is appropriate to diverge from the 2008 Guideline.

¹ EB-2008-0248, p.6

9. While the Board's Decision in London Hydro's 2009 Cost of Service Application did not contain a similar comment, London Hydro submits that its responses to Board Staff Interrogatory No. 34 and London Property Management Association Interrogatory No. 45, both of which were discussed in London Hydro's April 24, 2012 Motion material, provided similar confirmations in London Hydro's 2009 Cost of Service Application that its requested lost revenue from CDM

programs deployed in 2009 and persistence from 2009 programs in 2010 were not included in the 2009 Test Year load forecast. London Hydro further submits that it is appropriate that London Hydro's LRAM request be treated in a similar manner to that of WCH.

- **Enersource Hydro Mississauga Inc.**

10. In its 2012 IRM application (EB-2011-0100), Enersource Hydro Mississauga Inc. ("Enersource") sought to recover certain amounts through an LRAM claim, including amounts related to the persisting impacts of 2005-2009 CDM programs in 2010 and lost revenues from 2010 CDM programs in 2010. Enersource had rebased in 2008.
11. At page 13 of its April 19, 2012 Decision, the Board made the following finding:

"The Board will approve Enersource's revised LRAM claim of \$860,339, representing lost revenues arising from the persistence of 2005-2009 CDM programs in 2010 and lost revenues from 2010 CDM programs in 2010. In general, the Board is of the view that LRAM is accruable until new rates (based on a new revenue requirement and load forecast) are set by the Board, as the savings would be assumed to be incorporated in the load forecast at that time. However, as set out in the Settlement Agreement and the transcript from the oral hearing in EB-2007-0706, in which the Settlement Agreement was accepted by the Board, it is apparent that the intent was to remove the CDM effects from the load forecast and defer consideration of those CDM effects to a future LRAM proceeding. As such, the Board is of the view that it is appropriate to deviate from the 2008 CDM Guideline and approve the LRAM recovery sought by Enersource in this application."
12. In the settlement agreement in Enersource's 2008 cost of service proceeding, the parties had agreed to remove a CDM-related adjustment to its load forecast that Enersource had made as part of its application, in light of uncertainty around the results obtainable, among other factors.
13. As noted in the context of the WCH application, London Hydro submits that its responses to Board Staff Interrogatory No. 34 and London Property Management Association Interrogatory No. 45, both of which were discussed in London Hydro's April 24, 2012 Motion material, provided similar confirmations in London Hydro's 2009 Cost of Service Application that its requested lost revenue from CDM programs deployed in 2009 and persistence from 2009 programs in 2010 were not included in the 2009 Test Year load forecast. London Hydro further submits that it is appropriate that London Hydro's LRAM request be treated in a similar manner to that of Enersource.

THE FOLLOWING ADDITIONAL MATERIAL will be used at the hearing of the motion:

- (a) EB-2011-0153 – The Board’s WCH Decision with Reasons dated April 4, 2012;
- (b) EB-2011-0100 – The Board’s Enersource Decision with Reasons dated April 19, 2012; and
- (c) Such further and other documentary evidence as counsel to London Hydro may advise and this honourable tribunal may permit.

Date: May 14, 2012

London Hydro Inc.
By its Counsel

Borden Ladner Gervais LLP
40 King Street West
Suite 4100
Toronto, ON M5H 3Y5

James C. Sidlofsky
(T) (416) 367-6277
(F) (416) 361-2751
(E) jsidlofsky@blg.com

TO: Ontario Energy Board
P.O. Box 2319
26th Floor
2300 Yonge Street
Toronto ON M4P 1E4

Tel: (416) 481-1967
Fax: (416) 440-7656

AND TO: Intervenor of Record



EB-2011-0203

IN THE MATTER OF the *Ontario Energy Board Act*,
1998, S.O. 1998, c.15 (Schedule B);

AND IN THE MATTER OF an application by West Coast
Huron Energy Inc. for an order or orders approving or
fixing just and reasonable distribution rates and other
charges, to be effective May 1, 2012.

BEFORE: Karen Taylor
Presiding Member

Paula Conboy
Member

DECISION AND ORDER

Introduction

West Coast Huron Energy Inc. ("WCH"), a licensed distributor of electricity, filed an application with the Ontario Energy Board (the "Board") on October 28, 2011 under section 78 of the *Ontario Energy Board Act*, 1998, S.O. 1998, c. 15, (Schedule B), seeking approval for changes to the rates that WCH charges for electricity distribution, to be effective May 1, 2012.

WCH is one of 77 electricity distributors in Ontario regulated by the Board. The *Report of the Board on 3rd Generation Incentive Regulation for Ontario's Electricity Distributors* (the "IR Report"), issued on July 14, 2008, establishes a three year plan term for 3rd generation incentive regulation mechanism ("IRM") (i.e., rebasing plus three years). In its October 27, 2010 letter regarding the development of a Renewed Regulatory Framework for Electricity ("RRFE"), the Board announced that it was extending the IRM

plan until such time as the RRFE policy initiatives have been substantially completed. As part of the plan, WCH is one of the electricity distributors that will have its rates adjusted for 2012 on the basis of the IRM process, which provides for a mechanistic and formulaic adjustment to distribution rates and charges between cost of service applications.

To streamline the process for the approval of distribution rates and charges for distributors, the Board issued its IR Report, its *Supplemental Report of the Board on 3rd Generation Incentive Regulation for Ontario's Electricity Distributors* on September 17, 2008 (the "Supplemental Report"), and its *Addendum to the Supplemental Report of the Board on 3rd Generation Incentive Regulation for Ontario's Electricity Distributors* on January 28, 2009 (collectively the "Reports"). Among other things, the Reports contain the relevant guidelines for 2012 rate adjustments for distributors applying for distribution rate adjustments pursuant to the IRM process. On June 22, 2011, the Board issued an update to Chapter 3 of the Board's *Filing Requirements for Transmission and Distribution Applications* (the "Filing Requirements"), which outlines the application filing requirements for IRM applications based on the policies in the Reports.

Notice of WCH's rate application was given through newspaper publication in WCH's service area advising interested parties where the rate application could be viewed and advising how they could intervene in the proceeding or comment on the application. No letters of comment were received. The Notice of Application indicated that intervenors would be eligible for cost awards with respect to WCH's proposed revenue-to-cost ratio adjustments, request to recover the costs of a dedicated line extension, and proposal for lost revenue adjustment mechanism ("LRAM") recovery. The Vulnerable Energy Consumers Coalition ("VECC") applied for intervenor status and cost award eligibility in this proceeding. The Board grants VECC intervenor status and eligibility for cost awards in regards to WCH's request for LRAM recovery, the recovery of costs for a dedicated line extension, and revenue-to-cost ratio matters that go beyond the implementation of previous Board's decisions. Board staff also participated in the proceeding. The Board proceeded by way of a written hearing.

While the Board has considered the entire record in this proceeding, it has made reference only to such evidence as is necessary to provide context to its findings. The following issues are addressed in this Decision and Order:

- Price Cap Index Adjustment;

- Rural or Remote Electricity Rate Protection Charge;
- Revenue-to-Cost Ratio Adjustments;
- Shared Tax Savings Adjustments;
- Retail Transmission Service Rates;
- Review and Disposition of Group 1 Deferral and Variance Account Balances;
- Review and Disposition of Account 1521: Special Purpose Charge;
- Review and Disposition of Lost Revenue Adjustment Mechanism;
- Review and Disposition of Account 1562: Deferred Payments In Lieu of Taxes;
and
- Incremental Capital Module (“ICM”).

Price Cap Index Adjustment

As outlined in the Reports, distribution rates under the 3rd Generation IRM are to be adjusted by a price escalator, less a productivity factor (X-factor) of 0.72% and a stretch factor.

On March 13, 2012, the Board announced a price escalator of 2.0% for those distributors under IRM that have a rate year commencing May 1, 2012.

The stretch factors are assigned to distributors based on the results of two benchmarking evaluations to divide the Ontario industry into three efficiency cohorts. In its letter to Licensed Electricity Distributors dated December 1, 2011 the Board assigned WCH to efficiency cohort 2 and a cohort specific stretch factor of 0.4%.

On that basis, the resulting price cap index adjustment is 0.88%. The price cap index adjustment applies to distribution rates (fixed and variable charges) uniformly across customer classes that are not eligible for Rural or Remote Electricity Rate Protection.

The price cap index adjustment will not apply to the following components of delivery rates:

- Rate Riders;
- Rate Adders;
- Low Voltage Service Charges;
- Retail Transmission Service Rates;
- Wholesale Market Service Rate;

- Rural or Remote Rate Protection Charge;
- Standard Supply Service – Administrative Charge;
- Transformation and Primary Metering Allowances;
- Loss Factors;
- Specific Service Charges;
- MicroFIT Service Charges; and
- Retail Service Charges.

Rural or Remote Electricity Rate Protection Charge

On December 21, 2011, the Board issued a Decision with Reasons and Rate Order (EB-2011-0405) establishing the Rural or Remote Electricity Rate Protection (“RRRP”) benefit and charge for 2012. The Board amended the RRRP charge to be collected by the Independent Electricity System Operator from the current \$0.0013 per kWh to \$0.0011 per kWh effective May 1, 2012. The draft Tariff of Rates and Charges flowing from this Decision and Order will reflect the new RRRP charge.

Revenue-to-Cost Ratio Adjustments

Revenue-to-cost ratios measure the relationship between the revenues expected from a class of customers and the level of costs allocated to that class. The Board has established target ratio ranges (the “Target Ranges”) for Ontario electricity distributors in its report *Application of Cost Allocation for Electricity Distributors*, dated November 28, 2007 and in its updated report *Review of Electricity Distribution Cost Allocation Policy*, dated March 31, 2011.

In the Board’s decision in WCH’s 2009 cost of service application (EB-2008-0248), WCH was directed to adjust its revenue-to-cost ratio for the Large User customer rate class in two equal increments in the following two years to reach 85%, which is the lower boundary of the Board’s target. WCH noted that this process was not completed in the 2011 rate year and proposed to complete the phase-in as part of the present application. Consequently, WCH proposes to increase the revenue-to-cost ratio for the Large User customer rate classes to 85% as part of the 2012 IRM process.

The additional revenues from these adjustments would be used to reduce the revenue-to-cost ratio for the GS 50 to 499 kW and the GS 500 to 4,999 kW customer rate classes.

The table below outlines the proposed revenue-to-cost ratios.

Rate Class	Current 2011 Ratio	Proposed 2012 Ratio	Target Range
Residential	92.37	92.37	85 – 115
General Service Less Than 50 kW	91.09	91.09	80 – 120
General Service 50 to 999 kW	175.11	170.70	80 – 180
General Service 1,000 to 4,999 kW	164.68	160.27	80 – 180
Large User	80.00	85.00	85 – 115
Street Lighting	82.62	82.62	70 – 120
Sentinel Lighting	72.29	72.29	70 – 120
Unmetered Scattered Load	96.74	96.74	80 – 120

Board staff submitted that the proposed revenue-to-cost ratio adjustments are in accordance with the Board's decision in WCH's 2009 cost of service proceeding.

The Board approves the adjustments to the revenue-to-cost ratios as proposed since they are consistent with the Board's findings in EB-2008-0248 and were not completed as part of the 2011 IRM.

Shared Tax Savings Adjustments

In its Supplemental Report, the Board determined that a 50/50 sharing of the impact of currently known legislated tax changes, as applied to the tax level reflected in the Board-approved base rates for a distributor, is appropriate.

The calculated annual tax reduction over the IRM plan term will be allocated to customer rate classes on the basis of the Board-approved base-year distribution revenue. These amounts will be refunded to customers each year of the plan term, over a 12-month period, through a volumetric rate rider using annualized consumption by customer class underlying the Board-approved base rates.

WCH's application identified a total tax savings of \$3,128 resulting in a shared amount of \$1,564 to be refunded to ratepayers.

WCH requested that the Board authorize that the entire tax-savings amount be recorded in a USoA account as the calculated rate riders for one or more classes results in energy based kWh rate riders of \$0.0000 when rounded to the fourth decimal.

The Board approves the shared tax savings of \$1,564. Given that the calculated rate riders are not material, the Board directs WCH to record the credit balance in Account 1595 for future disposition.

Retail Transmission Service Rates

Electricity distributors are charged the Ontario Uniform Transmission Rates ("UTRs") at the wholesale level and subsequently pass these charges on to their distribution customers through the Retail Transmission Service Rates ("RTSRs"). Variance accounts are used to capture timing differences and differences in the rate that a distributor pays for wholesale transmission service compared to the retail rate that the distributor is authorized to charge when billing its customers (i.e. variance Accounts 1584 and 1586).

On June 22, 2011 the Board issued revision 3.0 of the *Guideline G-2008-0001 - Electricity Distribution Retail Transmission Service Rates* (the "RTSR Guideline"). The RTSR Guideline outlines the information that the Board requires electricity distributors to file to adjust their RTSRs for 2012. The RTSR Guideline requires electricity distributors to adjust their RTSRs based on a comparison of historical transmission costs adjusted for the new UTR levels and the revenues generated under existing RTSRs. The objective of resetting the rates is to minimize the prospective balances in Accounts 1584 and 1586. In order to assist electricity distributors in the calculation of the distributors' specific RTSRs, Board staff provided a filing module.

On December 20, 2011 the Board issued its Rate Order for Hydro One Transmission (EB-2011-0268) which adjusted the UTRs effective January 1, 2012, as shown in the following table:

2012 Uniform Transmission Rates

Network Service Rate	\$3.57 per kW
<u>Connection Service Rates</u>	
Line Connection Service Rate	\$0.80 per kW
Transformation Connection Service Rate	\$1.86 per kW

The Board finds that these 2012 UTRs are to be incorporated into the filing module.

Review and Disposition of Group 1 Deferral and Variance Account Balances

The *Report of the Board on Electricity Distributors' Deferral and Variance Account Review Report Initiative* (the "EDDVAR Report") provides that, during the IRM plan term, the distributor's Group 1 account balances will be reviewed and disposed if the preset disposition threshold of \$0.001 per kWh (debit or credit) is exceeded. The onus is on the distributor to justify why any account balance in excess of the threshold should not be disposed.

WCH requested a temporary exemption from filing for disposition of Group 1 Accounts as part of this proceeding. WCH indicated that a tornado struck the Town of Goderich on August 21, 2011 and WCH was operating under emergency measures rebuilding its core system. WCH submitted that its normal accounting functions were impaired by the tornado and accounting staff were unable to attend to reconcile these accounts at this time.

Due to the disruption of WCH's accounting functions by causes beyond its control, the Board finds that it is appropriate to defer the disposition of the Group 1 balances to WCH's 2013 COS application.

Review and Disposition of Account 1521: Special Purpose Charge

The Board authorized Account 1521, Special Purpose Charge Assessment ("SPC") Variance Account in accordance with Section 8 of *Ontario Regulation 66/10 (Assessments for Ministry of Energy and Infrastructure Conservation and Renewable Energy Program Costs)* (the "SPC Regulation"). Accordingly, any difference between (a) the amount remitted to the Minister of Finance for the distributor's SPC assessment

and (b) the amounts recovered from customers on account of the assessment were to be recorded in "Sub-account 2010 SPC Assessment Variance" of Account 1521.

In accordance with Section 8 of the SPC Regulation, distributors are required to apply no later than April 15, 2012 for an order authorizing the disposition of any residual balance in sub-account 2010 SPC Assessment Variance. The Filing Requirements sets out the Board's expectation that requests for disposition of this account balance would be heard as part of the proceedings to set rates for the 2012 year.

In the Manager's Summary of its application, WCH indicated a debit balance of \$4,419 in Account 1521 comprising principal and interest as of April 30, 2012. WCH noted that the calculated rate riders for one or more classes results in a kWh rate rider of $\$(0.0000)$ when rounded to the fourth decimal place. For that reason, WCH requested to defer the disposition of the residual debit balance of \$4,419 in Account 1521 until a future rate proceeding.

Board staff submitted that despite the usual practice, the Board should authorize the disposition of Account 1521 as of December 31, 2010, including carrying charges, plus the amount recovered from customers in 2011, including carrying charges, because the account balance does not require a prudence review, and electricity distributors are required by regulation to apply for disposition of this account. Board staff noted that Appendix C of Chapter 3 of the *Filing Requirements for Transmission and Distribution Applications* states that in the event where the calculation of one of more rate classes' rate adder or rate riders results in energy-based kWh rate riders of $\$(0.0000)$ when rounded to the fourth decimal place and demand-based KW rate riders of $\$(0.00)$ when rounded to the second decimal place, or are negligible, the entire Board-approved amount for recovery or refund should be recorded in a USoA account to be determined by the Board for disposition in a future rate setting. Board staff submitted that the Board should approve the balances for recovery and order that WCH record it in Account 1595 for future disposition.

In its reply submission, WCH agreed with Board staff.

The Board approves on a final basis the disposition of a debit balance in account 1521 of \$4,419, representing principal as of December 31, 2010, plus the amount recovered from customers in 2011 and carrying charges to April 30, 2012. Given that the calculated rate riders are not material, the Board directs WCH to record the debit

balance in Account 1595 for future disposition. The Board directs that Account 1521 be closed effective May 1, 2012.

For accounting and reporting purposes, the balance of Account 1521 shall be transferred to the applicable principal and interest carrying charge sub-accounts of Account 1595 pursuant to the requirements specified in Article 220, Account Descriptions, of the *Accounting Procedures Handbook for Electricity Distributors*. The date of the journal entry to transfer the approved account balances to the sub-accounts of Account 1595 is the date on which disposition of the balances is effective in rates, which generally is the start of the rate year (e.g. May 1). This entry should be completed on a timely basis to ensure that these adjustments are included in the June 30, 2012 (3rd Quarter) RRR data reported.

Review and Disposition of Lost Revenue Adjustment Mechanism (“LRAM”)

The Board’s *Guidelines for Electricity Distributor Conservation and Demand Management* (the “CDM Guidelines”) issued on March 28, 2008 outline the information that is required when filing an application for LRAM or SSM.

WCH requested the recovery of an LRAM claim of \$117,811 over a one-year period. In response to interrogatories from Board staff and intervenors, WCH updated its LRAM claim to \$117,866 to reflect the Ontario Power Authority’s (“OPA”) 2010 final results. WCH’s LRAM claim consists of the effect of 2006 to 2010 programs persisting until April 30, 2012.

In its submission, Board staff noted that WCH’s rates were last rebased in 2009. Board staff noted that in its Decision and Order on Hydro One Brampton’s 2012 IRM application (EB-2011-0174), the Board disallowed LRAM claims for the rebasing year as well as persistence of prior year programs in and beyond the test year on the basis that these savings should have been incorporated into the applicant’s load forecast at the time of rebasing.

Board staff noted that in cases in which it was clear in the application or settlement agreement that an adjustment for CDM was not being incorporated into the load forecast specifically because of an expectation that an LRAM application would address the issue, and if this approach was accepted by the Board, then Board staff would agree that an LRAM application is appropriate. Board staff requested that WCH highlight in its

reply submission whether the issue of an LRAM application was addressed in their cost of service application.

Board staff submitted that in the absence of the above information, it does not support the requested 2009 recovery of lost revenues from 2009 CDM programs or the persisting lost revenues from 2006, 2007, 2008 and 2009 CDM programs in 2009, 2010, 2011 or 2012 since these should have been reflected in WCH's 2009 load forecast when it was last rebased. Board staff also submitted that it is premature to consider any lost revenue from 2010 programs persisting from January 1, 2011 to April 30, 2012. Board staff also submitted that it supported the recovery of persisting lost revenues for 2006, 2007, 2008 and 2010 CDM programs, including the persisting lost revenues from 2006 programs in 2007 and 2008, and the persisting lost revenues from 2007 programs in 2008 since WCH was under IRM during that period.

VECC submitted that the LRAM claim from CDM programs deployed between 2006 and 2009 are not accruable from 2009 through April 30, 2012 as these savings should have been incorporated in the 2009 load forecast at the time of rebasing. VECC argued that in the absence of OPA input assumptions and verified final results for 2011 and 2012, the LRAM claim for 2010 CDM programs in 2011 and 2012 is premature and should only cover the period from January 1, 2010 to December 31, 2010. VECC supported the approval of the LRAM claim related to the impact of CDM programs implemented in 2006 to 2008 for the years 2006 to 2008 as WCH did not collect this revenue while under IRM in the years prior to rebasing. VECC also supported the approval of lost revenue in 2010 for CDM Programs implemented in 2010 as this amount has not been recovered. VECC submitted that the LRAM claim approved by the Board should be adjusted to include lost revenue for the years 2006, 2007, 2008 and 2010 resulting from the impact of CDM programs implemented in 2006, 2007, 2008 and 2010.

In its reply submission, WCH agreed with Board staff and VECC that the LRAM claims for 2011 and 2012 are premature and withdrew the associated amounts from the application. The revised LRAM claim is \$78,729.52.

The Board approves an LRAM claim of \$78,729.52 over a one-year recovery period, from May 1, 2012 to April 30, 2013, representing: (i) the lost revenue associated with CDM programs delivered in 2006, 2007, 2008 and 2010, including persisting lost revenues from 2006 programs in 2007 and 2008, and the persisting lost revenues from 2007 programs in 2008. The Board notes that WCH was under IRM during these years

and has not otherwise been compensated for lost revenues from these programs and that the claim is consistent with the 2008 CDM Guidelines; and (ii) lost revenues from 2009 CDM programs in 2009, persisting lost revenues from 2006, 2007, and 2008 programs in 2009, and persisting lost revenues from 2006, 2007, 2008, and 2009 programs in 2010. The Board notes that lost revenues are only accruable until new rates (based on a new revenue requirement and load forecast) are set by the Board, as the savings would be assumed to be incorporated in the load forecast at that time. In the decision of the Board in WCH's 2009 CoS application, EB-2008-0248, the Board specifically acknowledged that the load forecast for the 2009 test year did not include CDM effects. The Board stated that, "[w]hile the Board notes that customer count may be overestimated and the absence of broader economic and CDM effects..."¹ As such, the Board is of the view that it is appropriate to diverge from the 2008 Guideline.

Review and Disposition of Account 1562: Deferred Payments in Lieu of Taxes

In 2001, the Board approved a regulatory payments in lieu of taxes proxy approach for rate applications coupled with a true-up mechanism filed under the RRR to account for changes in tax legislation and rules and to true-up between certain proxy amounts used to set rates and the actual amount of taxes paid. The variances resulting from the true-up were tracked in Account 1562 for the period 2001 through April 30, 2006.

On November 28, 2008, pursuant to sections 78, 19 (4) and 21 (5) of the *Ontario Energy Board Act, 1998*, the Board commenced a Combined Proceeding (EB-2008-0381) on its own motion to determine the accuracy of the final account balances with respect to Account 1562 Deferred Payments in Lieu of Taxes ("Deferred PILs") (for the period October 1, 2001 to April 30, 2006) for certain electricity distributors that filed 2008 and 2009 distribution rate applications.

The Notice in the Combined Proceeding included a statement of the Board's expectation that the decision resulting from the Combined Proceeding would be used to determine the final account balances with respect to Account 1562 Deferred PILs for the remaining distributors. In its decision and order, the Board stated that, "[e]ach remaining distributor will be expected to apply for final disposition of Account 1562 with its next general rates application (either IRM or cost of service)."²

¹ EB-2008-0248, p.6

² EB-2008-0381 Account 1562 Deferred PILs Combined Proceeding, Decision and Order, p. 28

WCH requested an exemption from filing for the disposition of Account 1562, and stated that it is operating under emergency measures rebuilding its core system due to the tornado that struck the Town of Goderich. WCH submitted that its normal accounting functions have been impaired by the tornado and accounting staff are unable to attend to reconcile these accounts at this time.

Due to the disruption in WCH's accounting functions, the Board finds that it is appropriate to defer the disposition of WCH's Account 1562 balances to its 2013 COS application.

Incremental Capital Module ("ICM")

WCH proposed to recover, through an ICM, the incremental capital costs of \$2,800,000 associated with the construction of a dedicated line reaching its single large user (Sifto). This capital expenditure includes approximately \$1.0M to be paid to Hydro One Networks Inc. for costs associated with the new breaker position required for this project and incremental costs of approximately \$1.8M for the line upgrade.

In response to Board staff interrogatory No. 11 (d), WCH indicated that it recently entered into an agreement whereby Sifto will contribute 100% of the cost for the proposed breaker (\$1.0M) and upgrade to the line (\$1.8M) to accommodate their future load. For this reason, West Coast Huron proposed to withdraw the capital component of its 2012 IRM application. Board staff noted that the capital contribution is compliant with the Distribution System Code 3.2.4 and supported WCH's proposal to withdraw the ICM component for the amount of \$2,800,000 from the application.

Similarly, VECC agreed with WCH's request and submitted that this request should be approved by the Board.

The Board accepts WCH's request to withdraw its application for an ICM from its IRM application for 2012 rates.

Rate Model

With this Decision, the Board is providing WCH with a rate model (spreadsheet) and applicable supporting models and a draft Tariff of Rates and Charges (Appendix A) that reflects the elements of this Decision. The Board also reviewed the entries in the rate

model to ensure that they were in accordance with the 2011 Board approved Tariff of Rates and Charges and the rate model was adjusted, where applicable, to correct any discrepancies.

THE BOARD ORDERS THAT:

1. WCH's new distribution rates shall be effective May 1, 2012.
2. WCH shall review the draft Tariff of Rates and Charges set out in Appendix A. WCH shall file with the Board a written confirmation assessing the completeness and accuracy of the draft Tariff of Rates and Charges, or provide a detailed explanation of any inaccuracies or missing information within **7 days** of the date of issuance of this Decision and Order.
3. If the Board does not receive a submission from WCH to the effect that inaccuracies were found or information was missing pursuant to item 2 of this Decision and Order, the draft Tariff of Rates and Charges set out in Appendix A of this Decision and Order will become final effective May 1, 2012, and will apply to electricity consumed or estimated to have been consumed on and after May 1, 2012. WCH shall notify its customers of the rate changes no later than with the first bill reflecting the new rates.
4. If the Board receives a submission from WCH to the effect that inaccuracies were found or information was missing pursuant to item 2 of this Decision and Order, the Board will consider the submission of WCH and will issue a final Tariff of Rates and Charges.

Cost Awards

The Board will issue a separate decision on cost awards once the following steps are completed:

1. VECC shall submit its cost claims no later than **7 days** from the date of issuance of the final Rate Order.
2. WCH shall file with the Board and forward to VECC any objections to the claimed costs within **21 days** from the date of issuance of the final Rate Order.

3. VECC shall file with the Board and forward to WCH any responses to any objections for cost claims within **28 days** from the date of issuance of the final Rate Order.
4. WCH shall pay the Board's costs incidental to this proceeding upon receipt of the Board's invoice.

All filings to the Board must quote file number **EB-2011-0203**, be made through the Board's web portal at, www.errr.ontarioenergyboard.ca and consist of two paper copies and one electronic copy in searchable / unrestricted PDF format. Filings must clearly state the sender's name, postal address and telephone number, fax number and e-mail address. Parties must use the document naming conventions and document submission standards outlined in the RESS Document Guideline found at www.ontarioenergyboard.ca. If the web portal is not available parties may email their document to the address below. Those who do not have internet access are required to submit all filings on a CD in PDF format, along with two paper copies. Those who do not have computer access are required to file 2 paper copies.

DATED at Toronto, April 4, 2012

ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary

Appendix A
To Decision and Order
Draft Tariff of Rates and Charges
Board File No: EB-2011-0203
DATED: April 4, 2012

West Coast Huron Energy Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2012

This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors

EB-2011-0203

RESIDENTIAL SERVICE CLASSIFICATION

This classification refers to the supply of electrical energy to customers residing in residential dwelling units. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	14.20
Distribution Volumetric Rate	\$/kWh	0.0184
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery – effective until April 30, 2013	\$/kWh	0.0014
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0063
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0051

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0011
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

West Coast Huron Energy Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2012

This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors

EB-2011-0203

GENERAL SERVICE LESS THAN 50 kW SERVICE CLASSIFICATION

This classification applies to the supply of electrical energy to General Service Buildings requiring a connection with a connected load less than 50 kW and, Town Houses and Condominiums described in section 3.1.8 of the distributor's Conditions of Service that require centralized bulk metering. General Service Buildings are defined as buildings that are used for purposes other than single family dwellings. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	33.72
Distribution Volumetric Rate	\$/kWh	0.0116
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery – effective until April 30, 2013	\$/kWh	0.0023
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0058
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0045

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0011
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

West Coast Huron Energy Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2012

This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors

EB-2011-0203

GENERAL SERVICE 50 to 499 kW SERVICE CLASSIFICATION

This classification applies to the supply of electrical energy to General Service Customers requiring a connection with a connected load, whose average monthly maximum demand used, for billing purposes, is, or is forecast to be, equal to or greater than 50 kW but less than 500 kW. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	396.04
Distribution Volumetric Rate	\$/kW	1.7594
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery – effective until April 30, 2013	\$/kW	0.0760
Retail Transmission Rate – Network Service Rate	\$/kW	2.3120
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.8004

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0011
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

West Coast Huron Energy Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2012

This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors

EB-2011-0203

GENERAL SERVICE 500 to 4,999 kW SERVICE CLASSIFICATION

This classification applies to the supply of electrical energy to General Service Customers requiring a connection with a connected load, whose average monthly maximum demand used, for billing purposes, is, or is forecast to be, equal to or greater than 500 kW but less than 5,000 kW. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	2,974.29
Distribution Volumetric Rate	\$/kW	1.5123
Retail Transmission Rate – Network Service Rate	\$/kW	2.4556
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.9738

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0011
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

West Coast Huron Energy Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2012

This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors

EB-2011-0203

LARGE USE SERVICE CLASSIFICATION

This classification refers to the supply of electrical energy to General Service Customers requiring a connection with a connected load or whose average monthly maximum demand used for billing purposes is equal to or greater than, or is forecast to be equal to or greater than, 5,000 kW. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	9509.57
Distribution Volumetric Rate	\$/kW	1.2431
Retail Transmission Rate – Network Service Rate	\$/kW	2.7192
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	2.2569

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0011
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

West Coast Huron Energy Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2012

This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors

EB-2011-0203

UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION

This classification refers to an account taking electricity at 750 volts or less whose monthly average peak demand is less than, or is forecast to be less than, 50 kW and the consumption is unmetered. Such connections include cable TV power packs, bus shelters, telephone booths, traffic lights, railway crossings, decorative street lighting, billboards, etc. The level of consumption will be agreed to by the distributor and the customer, based on detailed manufacturer information/documentation with regard to electrical consumption of unmetered load or periodic monitoring of actual consumption. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge (per connection)	\$	33.73
Distribution Volumetric Rate	\$/kWh	0.0299
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0058
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0045

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0011
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

West Coast Huron Energy Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date May 1, 2012

This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors

EB-2011-0203

SENTINEL LIGHTING SERVICE CLASSIFICATION

This classification refers to accounts that are an unmetered lighting load supplied to a sentinel light. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge (per connection)	\$	5.69
Distribution Volumetric Rate	\$/kW	10.8387
Retail Transmission Rate – Network Service Rate	\$/kW	1.7527
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.4208

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0011
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

West Coast Huron Energy Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2012

This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors

EB-2011-0203

STREET LIGHTING SERVICE CLASSIFICATION

This classification applies to an account for roadway lighting with a Municipality, Regional Municipality, Ministry of Transportation and private roadway lighting, controlled by photo cells. The consumption for these customers will be based on the calculated connection load times the required lighting times established in the approved OEB street lighting load shape template. Street Lighting plant, facilities or equipment owned by the customer are subject to the ESA requirements. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge (per connection)	\$	1.97
Distribution Volumetric Rate	\$/kW	10.7843
Retail Transmission Rate – Network Service Rate	\$/kW	1.7437
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.4208

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0011
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

West Coast Huron Energy Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date May 1, 2012

This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors

EB-2011-0203

microFIT GENERATOR SERVICE CLASSIFICATION

This classification applies to an electricity generation facility contracted under the Ontario Power Authority's microFIT program and connected to the distributor's distribution system. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	5.25
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West Coast Huron Energy Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2012

This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors

EB-2011-0203

ALLOWANCES

Transformer Allowance for Ownership - per kW of billing demand/month	\$/kW	(0.60)
Primary Metering Allowance for transformer losses – applied to measured demand and energy	%	(1.00)

SPECIFIC SERVICE CHARGES

Note – specific charges for each distributor

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

No charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.

Customer Administration		
Arrears certificate	\$	15.00
Account set up charge/change of occupancy charge (plus credit agency costs if applicable)	\$	30.00
Special meter reads	\$	15.00
Meter Dispute Charge plus Measurement Canada fees (if meter found correct)	\$	30.00
Non-Payment of Account		
Late Payment - per month	%	1.50
Late Payment - per annum	%	19.56
Collection of account charge – no disconnection	\$	30.00
Disconnect/Reconnect at meter – during regular hours	\$	65.00
Disconnect/Reconnect at meter – after regular hours	\$	185.00
Disconnect/Reconnect at pole – during regular hours	\$	185.00
Specific Charge for Access to the Power Poles \$/pole/year	\$	22.35

West Coast Huron Energy Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2012

This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors

EB-2011-0203

RETAIL SERVICE CHARGES (if applicable)

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.

Retail Service Charges refer to services provided by a distributor to retailers or customers related to the supply of competitive electricity

One-time charge, per retailer, to establish the service agreement between the distributor and the retailer	\$	100.00
Monthly Fixed Charge, per retailer	\$	20.00
Monthly Variable Charge, per customer, per retailer	\$/cust.	0.50
Distributor-consolidated billing monthly charge, per customer, per retailer	\$/cust.	0.30
Retailer-consolidated billing monthly credit, per customer, per retailer	\$/cust.	(0.30)
Service Transaction Requests (STR)		
Request fee, per request, applied to the requesting party	\$	0.25
Processing fee, per request, applied to the requesting party	\$	0.50
Request for customer information as outlined in Section 10.6.3 and Chapter 11 of the Retail Settlement Code directly to retailers and customers, if not delivered electronically through the Electronic Business Transaction (EBT) system, applied to the requesting party		
Up to twice a year		no charge
More than twice a year, per request (plus incremental delivery costs)	\$	2.00

LOSS FACTORS

If the distributor is not capable of prorating changed loss factors jointly with distribution rates, the revised loss factors will be implemented upon the first subsequent billing for each billing cycle.

Total Loss Factor – Secondary Metered Customer < 5,000 kW	1.0467
Total Loss Factor – Primary Metered Customer < 5,000 kW	1.0145
Total Loss Factor – Primary Metered Customer < 5,000 kW	1.0362
Total Loss Factor – Primary Metered Customer > 5,000 kW	1.0045



EB-2011-0100

IN THE MATTER OF the *Ontario Energy Board Act*, 1998, S.O. 1998, c.15 (Schedule B);

AND IN THE MATTER OF an application by Enersource Hydro Mississauga Inc. for an order or orders approving or fixing just and reasonable distribution rates and other charges, to be effective May 1, 2012.

BEFORE: Karen Taylor
Presiding Member

Paula Conboy
Member

DECISION AND ORDER

Introduction

Enersource Hydro Mississauga Inc. (“Enersource”), a licensed distributor of electricity, filed an application with the Ontario Energy Board (the “Board”) on November 10, 2011 under section 78 of the *Ontario Energy Board Act*, 1998, S.O. 1998, c. 15, (Schedule B), seeking approval for changes to the rates that Enersource charges for electricity distribution, to be effective May 1, 2012.

Enersource is one of 77 electricity distributors in Ontario regulated by the Board. The *Report of the Board on 3rd Generation Incentive Regulation for Ontario’s Electricity Distributors* (the “IR Report”), issued on July 14, 2008, establishes a three year plan term for 3rd generation incentive regulation mechanism (“IRM”) (i.e., rebasing plus three years). In its October 27, 2010 letter regarding the development of a Renewed Regulatory Framework for Electricity (“RRFE”), the Board announced that it was extending the 3rd generation IRM plan until such time as the RRFE policy initiatives

have been substantially completed. As part of the plan, Enersource is one of the electricity distributors that will have its rates adjusted for 2012 on the basis of the IRM process, which provides for a mechanistic and formulaic adjustment to distribution rates and charges between cost of service applications.

To streamline the process for the approval of distribution rates and charges for distributors, the Board issued its IR Report, its *Supplemental Report of the Board on 3rd Generation Incentive Regulation for Ontario's Electricity Distributors* on September 17, 2008 (the "Supplemental Report"), and its *Addendum to the Supplemental Report of the Board on 3rd Generation Incentive Regulation for Ontario's Electricity Distributors* on January 28, 2009 (collectively the "Reports"). Among other things, the Reports contain the relevant guidelines for 2012 rate adjustments for distributors applying for distribution rate adjustments pursuant to the IRM process. On June 22, 2011 the Board issued an update to Chapter 3 of the Board's *Filing Requirements for Transmission and Distribution Applications* (the "Filing Requirements"), which outlines the Filing Requirements for IRM applications based on the policies in the Reports.

Notice of Enersource's rate application was given through newspaper publication in Enersource's service area advising interested parties where the rate application could be viewed and advising how they could intervene in the proceeding or comment on the application. One letter of comment was received. The Notice of Application indicated that intervenors would be eligible for cost awards with respect to Enersource's request for lost revenue adjustment mechanism ("LRAM") recoveries. The Vulnerable Energy Consumers Coalition ("VECC") and Ms. L. Volnyansky applied for and were granted intervenor status in this proceeding. The Board granted VECC eligibility for cost awards in regards to Enersource's request for LRAM recoveries. Board staff also participated in the proceeding. The Board proceeded by way of a written hearing.

While the Board has considered the entire record in this proceeding, it has made reference only to such evidence as is necessary to provide context to its findings. The following issues are addressed in this Decision and Order:

- Price Cap Index Adjustment;
- Rural or Remote Electricity Rate Protection;
- Shared Tax Savings Adjustments;
- Retail Transmission Service Rates;
- Review and Disposition of Account 1521: Special Purpose Charge;
- Review and Disposition of Account 1562: Deferred Payments in Lieu of Taxes;

- Review and Disposition of Lost Revenue Adjustment Mechanism; and
- Smart Meter Funding Adder (“SMFA”).

Price Cap Index Adjustment

As outlined in the Reports, distribution rates under the 3rd Generation IRM are to be adjusted by a price escalator, less a productivity factor (X-factor) of 0.72% and a stretch factor.

On March 13, 2012, the Board announced a price escalator of 2.0% for those distributors under IRM that have a rate year commencing May 1, 2012.

The stretch factors are assigned to distributors based on the results of two benchmarking evaluations to divide the Ontario industry into three efficiency cohorts. In its letter to Licensed Electricity Distributors dated December 1, 2011 the Board assigned to Enersource efficiency cohort 2 and a cohort specific stretch factor of 0.4%.

On that basis, the resulting price cap index adjustment is 0.88%. The price cap index adjustment applies to distribution rates (fixed and variable charges) uniformly across customer classes that are not eligible for Rural or Remote Electricity Rate Protection. The price cap index adjustment will not apply to the following components of delivery rates:

- Rate Riders;
- Rate Adders;
- Low Voltage Service Charges;
- Retail Transmission Service Rates;
- Wholesale Market Service Rate;
- Rural Rate Protection Charge;
- Standard Supply service – Administrative Charge;
- Transformation and Primary Metering Allowances;
- Loss Factors;
- Specific Service Charges;
- MicroFIT Service Charges; and
- Retail Service Charges.

Rural or Remote Electricity Rate Protection

On December 21, 2011, the Board issued a Decision with Reasons and Rate Order (EB-2011-0405) establishing the Rural or Remote Electricity Rate Protection (“RRRP”) benefit and charge for 2012. The Board amended the RRRP charge to be collected by the Independent Electricity System Operator from the current \$0.0013 per kWh to \$0.0011 per kWh effective May 1, 2012. The final Tariff of Rates and Charges attached to this Decision and Order reflects the new RRRP charge.

Shared Tax Savings Adjustments

In its Supplemental Report, the Board determined that a 50/50 sharing of the impact of currently known legislated tax changes, as applied to the tax level reflected in the Board-approved base rates for a distributor, is appropriate.

The calculated annual tax reduction over the IRM plan term will be allocated to customer rate classes on the basis of the Board-approved base-year distribution revenue. These amounts will be refunded to customers each year of the plan term, over a 12-month period, through a volumetric rate rider using annualized consumption by customer class underlying the Board-approved base rates.

Enersource’s application identified a total tax savings of \$3,109,782 resulting in a shared amount of \$1,554,891 to be refunded to rate payers.

In its submission, Board staff noted that Enersource completed the Tax-Savings Workform with the correct rates which reflect the Revenue Requirement Work Form from the Board’s cost of service decision in EB-2007-0706. Board staff had no concerns with the workform as filed.

The Board approves shared tax savings of \$1,554,891 to be disposed over a one year period, May 1, 2012 to April 30, 2013.

Retail Transmission Service Rates

Electricity distributors are charged the Ontario Uniform Transmission Rates (“UTRs”) at the wholesale level and subsequently pass these charges on to their distribution customers through the Retail Transmission Service Rates (“RTSRs”). Variance accounts are used to capture timing differences and differences in the rate that a

distributor pays for wholesale transmission service compared to the retail rate that the distributor is authorized to charge when billing its customers (i.e. variance Accounts 1584 and 1586).

On June 22, 2011 the Board issued revision 3.0 of the *Guideline G-2008-0001 - Electricity Distribution Retail Transmission Service Rates* (the “RTSR Guideline”). The RTSR Guideline outlines the information that the Board requires electricity distributors to file to adjust their RTSRs for 2012. The RTSR Guideline requires electricity distributors to adjust their RTSRs based on a comparison of historical transmission costs adjusted for the new UTR levels and the revenues generated under existing RTSRs. The objective of resetting the rates is to minimize the prospective balances in Accounts 1584 and 1586. In order to assist electricity distributors in the calculation of the distributors’ specific RTSRs, Board staff provided a filing module.

On December 20, 2011 the Board issued its Rate Order for Hydro One Transmission (EB-2011-0268) which adjusted the UTRs effective January 1, 2012, as shown in the following table:

2012 Uniform Transmission Rates

Network Service Rate	\$3.57 per kW
<u>Connection Service Rates</u>	
Line Connection Service Rate	\$0.80 per kW
Transformation Connection Service Rate	\$1.86 per kW

In its submission, Board staff noted that it had no concerns with the RTSR Workform as filed.

The Board finds that the 2012 UTRs are to be incorporated into the filing module.

Review and Disposition of Account 1521: Special Purpose Charge

The Board authorized Account 1521, Special Purpose Charge Assessment (“SPC”) Variance Account in accordance with Section 8 of Ontario Regulation 66/10 (Assessments for Ministry of Energy and Infrastructure Conservation and Renewable Energy Program Costs) (the “SPC Regulation”). Accordingly, any difference between (a) the amount remitted to the Minister of Finance for the distributor’s SPC assessment and (b) the amounts recovered from customers on account of the assessment were to be recorded in “Sub-account 2010 SPC Assessment Variance” of Account 1521.

In accordance with Section 8 of the SPC Regulation, distributors are required to apply no later than April 15, 2012 for an order authorizing the disposition of any residual balance in sub-account 2010 SPC Assessment Variance. The Filing Requirements state the Board's expectation that requests for disposition of this account balance would be heard as part of the proceedings to set rates for the 2012 year.

Enersource provided a reconciliation of Account 1521 as requested by Board staff during the interrogatory phase. Based on Enersource's reconciliation, Board staff supported Enersource's request to dispose of the balance in this account of a credit of \$139,554.

Board staff submitted that despite the usual practice, the Board should authorize the disposition of Account 1521 as of December 31, 2010, plus the amounts recovered from customers in 2011, including interest, because the account balance does not require a prudence review and electricity distributors are required by regulation to apply for disposition of this account. Board staff submitted that the \$139,554 credit balance in Account 1521 should be approved for disposition over a one year period, as requested by Enersource.

The Board approves, on a final basis, the disposition of a credit balance of \$139,554 in Account 1521, representing principal and interest to April 30, 2012, over a one year period, May 1, 2012 to April 30, 2013. The Board directs Enersource to close Account 1521 effective May 1, 2012.

For accounting and reporting purposes, the balance of Account 1521 shall be transferred to the applicable principal and interest carrying charge sub-accounts of Account 1595 pursuant to the requirements specified in Article 220, Account Descriptions, of the *Accounting Procedures Handbook for Electricity Distributors*. The date of the journal entry to transfer the approved account balances to the sub-accounts of Account 1595 is the date on which disposition of the balances is effective in rates, which generally is the start of the rate year (e.g. May 1). This entry should be completed on a timely basis to ensure that these adjustments are included in the June 30, 2012 (3rd Quarter) RRR data reported.

Review and Disposition of Account 1562: Deferred Payments in Lieu of Taxes

In 2001, the Board approved a regulatory payments in lieu of taxes proxy approach for rate applications coupled with a true-up mechanism filed under the RRR to account for

changes in tax legislation and rules and to true-up between certain proxy amounts used to set rates and the actual amount of taxes paid. The variances resulting from the true-up were tracked in Account 1562 for the period 2001 through April 30, 2006.

On November 28, 2008, pursuant to sections 78, 19 (4) and 21 (5) of the *Ontario Energy Board Act, 1998*, the Board commenced a Combined Proceeding (EB-2008-0381) on its own motion to determine the accuracy of the final account balances with respect to Account 1562 Deferred Payments in Lieu of Taxes (“Deferred PILs”) (for the period October 1, 2001 to April 30, 2006) for certain electricity distributors that filed 2008 and 2009 distribution rate applications.

The Notice in the Combined Proceeding included a statement of the Board’s expectation that the decision resulting from the Combined Proceeding would be used to determine the final account balances with respect to Account 1562 Deferred PILs for the remaining distributors. In its decision and order, the Board stated that: “Each remaining distributor will be expected to apply for final disposition of account 1562 with its next general rates application (either IRM or cost of service).”¹

In pre-filed evidence, Enersource applied to refund to customers a credit balance of \$1,184,236 consisting of a principal credit amount of \$1,515,868 and related debit carrying charges of \$331,632. In response to interrogatories, Enersource updated its evidence and requested to dispose of a total credit amount of \$1,093,604.²

Two PILs issues remain to be resolved in this case. One relates to the definition of interest expense for calculating the excess interest true-up calculations in the SIMPIL³ models. The second issue pertains to accounts receivable written off as bad debts in the fourth quarter 2001.

Excess Interest True-up Calculations

In response to Board staff interrogatories, in its final submission and in SIMPIL models, Enersource disclosed the components of its interest expense for the period 2001 to 2005.⁴

¹ EB-2008-0381 Account 1562 Deferred PILs Combined Proceeding, Decision and Order, p. 28

² Responses to Board Staff, January 27, 2012, Interrogatory #9, page 1.

³ Spreadsheet implementation model for payments in lieu of taxes

⁴ Responses to Board Staff Interrogatory #10; Final Submission, paragraph #52; 2001 SIMPIL model.

Interest Expense Components	2001	2002	2003	2004	2005
Interest on Debt	4,454,000	18,241,000	18,241,000	18,241,000	18,241,000
Other Interest - Reply					
Interest on customer deposits		477,390	644,770	493,434	461,709
Amortization of debt issue costs	111,694	433,584	433,584	433,584	433,584
Bank overdraft interest		78,989	484		
Rounding		37	162	-18	-293
Other interest expense	111,694	990,000	1,079,000	927,000	895,000
Total interest expense	4,565,694	19,231,000	19,320,000	19,168,000	19,136,000
AFUDC and carrying charges		-772,000	-915,000	-4,113,000	-1,459,000
Interest expense per AFS	4,565,694	18,459,000	18,405,000	15,055,000	17,677,000
Interest income	-511,000	-724,000	-1,938,000	-1,782,000	-1,718,000
Net interest expense	4,054,694	17,735,000	16,467,000	13,273,000	15,959,000

Board staff noted that in its 2012 IRM proceeding (EB-2011-0174), Hydro One Brampton (“HOBNI”) defined interest expense for the purpose of the interest claw-back penalty as the net interest expense reported in its financial statements.⁵ HOBNI grouped several types of interest income, expense and amortization of deferred debt costs in determining its financial statement disclosure.

The Board in its decision made the following findings in that application:

The Board finds that the components which will comprise interest expense for purposes of the true-up calculations based on HOBNI’s evidence in this case are interest on long-term debt, accounting amortization of deferred debt costs, foreign exchange and interest expense (*other*). After making the changes in HOBNI’s SIMPIL models and the continuity schedule to reflect these findings, the Board has determined that the amended credit balance in Account 1562 Deferred PILs is \$3,675,429 to be refunded to customers over one year.

While audited financial statement disclosures may vary among the distributors, the Board is not persuaded that interest income should be netted against interest expense in the SIMPIL true-up calculations since this treatment is not consistent with cost of service filing instructions. In the decision in the Combined

⁵ EB-2011-0174/Response to Staff IRs/Tab11/Sch2/IR#11/pg20 ln13-25/pg21ln 1-4.

Proceeding, the Board accepted the settlement that the impacts of regulatory assets and liabilities should be excluded from the determination of the balance in account 1562 deferred PILs, and the Board agrees with that determination in this case. Interest expense related to customer deposits is not recovered in cost of service applications and therefore should be excluded in the SIMPIL calculations. Capitalized interest and its reversal in the tax calculations nets to zero, and this treatment is consistent with prior guidance issued by the Board.⁶

With respect to the current application, Board staff submitted that the components of interest expense that should be included in the interest claw-back penalty calculations should be the sum of interest on debt, other interest and the difference between the accounting and tax amounts of the amortization of debt discount. Board staff submitted that the tax amount must be added to interest expense since the interest claw-back true-up is a tax value true-up based on tax returns. Board staff also submitted that AFUDC, also known as capitalized interest, must be added back to determine the amount of interest to be used in the true-up calculations.

In its reply submission, Enersource noted that in the Combined Proceeding, Barrie Hydro incorporated its true up of the tax amortization of debt issue costs in TAXREC2. Enersource applied the same methodology in its current application, such that the proposed refund includes the benefit of this true-up for ratepayers.

Enersource also noted that it used the same methodology as Barrie Hydro and EnWin to calculate the interest claw-back as approved by the Board in Excel sheet TAXCALC of their respective SIMPIL models. Enersource agreed that the benefit of the tax amortization should be returned to ratepayers, but it does not agree that the ratepayers should receive the benefit twice. As such, Enersource disagreed that the difference between the accounting and the tax amortization of debt discount should be included in the excess interest true-up calculations. Enersource proposed to maintain the tax amortization of the debt issue costs in TAXREC2, as a benefit to ratepayers, but exclude it from the deemed interest claw-back calculation.

Bad Debts Expense Added back in 2001 SIMPIL Model

Enersource entered bad debt expense of \$627,402 in the 2001 SIMPIL model related to accounts receivable that were determined to be unrecoverable during the fourth quarter 2001. The Ministry of Finance denied the deduction in Enersource's 2001 tax returns.

⁶ EB-2011-0174, Decision and Order, December 22, 2011, pages 9-10

Board staff noted that it is important to remember that costs incurred and income earned before October 1, 2001 were not subject to income tax PILs and were not deductible in the period after September 30, 2001. If the sales and resultant income were not taxable because they took place in the period before Enersource became subject to PILs, then the expenses related to writing off those sales would not be deductible for tax purposes. Board staff submitted that the bad debts expense should be moved to sheet TAXREC3 in the 2001 SIMPIL model so that the costs do not true up to the ratepayers.

In its reply submission, Enersource agreed that the bad debts should not true up to ratepayers and filed a revised 2001 SIMPIL model.

Consistent with the Board’s approach in Hydro One Brampton (EB-2011-0174), the Board finds that the components which will comprise interest expense for purposes of the true-up calculations based on Enersource’s evidence in this case are: interest on debt and other interest consisting of bank overdraft interest, amortization of debt issue costs and the effect of rounding.

Interest Expense Components	2001	2002	2003	2004	2005
Interest on Debt	4,454,000	18,241,000	18,241,000	18,241,000	18,241,000
Bank overdraft interest		78,989	484		
Rounding		37	162	-18	-293
Amortization of debt issue costs	111,694	433,584	433,584	433,584	433,584
	<u>4,565,694</u>	<u>18,753,610</u>	<u>18,675,230</u>	<u>18,674,566</u>	<u>18,674,291</u>

The Board is not persuaded that Enersource’s submission is consistent with prior Board determinations and previous regulatory guidance. As such, the Board is also of the view that it is appropriate that the difference between the accounting and the tax amortization of debt discount be excluded in the excess interest true-up calculations.

The Board notes that Enersource has agreed with Board staff that the bad debts expense should be moved to sheet TAXREC3 in the 2001 SIMPIL model so that the costs do not true up to ratepayers.

The Board has calculated that the credit balance to be refunded to ratepayers after including the findings in this Decision and Order in Enersource’s models is \$1,743,408.

The Board approves the disposition of Account 1562 over a one year period, May 1, 2012 to April 30, 2013.

For accounting and reporting purposes, the approved balance of Account 1562 shall be transferred to the applicable principal and interest carrying charge sub-accounts of Account 1595 pursuant to the requirements specified in Article 220, Account Descriptions, of the Accounting Procedures Handbook for Electricity Distributors. The date of the journal entry to transfer the approved account balances to the sub-accounts of Account 1595 is the date on which disposition of the balances is effective in rates, which generally is the start of the rate year (e.g. May 1). This entry should be completed on a timely basis to ensure that these adjustments are included in the June 30, 2012 (3rd Quarter) RRR data reported.

Review and Disposition of Lost Revenue Adjustment Mechanism

The Board's *Guidelines for Electricity Distributor Conservation and Demand Management* (the "CDM Guidelines") issued on March 28, 2008 outline the information that is required when filing an application for LRAM or SSM.

Enersource sought to recover a total LRAM claim of \$856,957, including carrying charges, over a one-year period. The lost revenues include the persisting impacts of 2005-2009 CDM programs in 2010 and lost revenues from 2010 CDM programs in 2010.

Persisting Impacts of 2005-2008 Programs in 2010

In its submission, Board staff noted that Enersource's rates were last rebased in 2008. Board staff noted that the CDM Guidelines state the following with respect to LRAM claims:

Lost revenues are only accruable until new rates (based on a new revenue requirement and load forecast) are set by the Board, as the savings would be assumed to be incorporated in the load forecast at that time⁷.

In cases in which it was clear in the application or settlement agreement that an adjustment for CDM was not being incorporated into the load forecast specifically

⁷ Section 5.2: Calculation of LRAM, Guidelines for Electricity Distributor Conservation and Demand Management (EB-2008-0037)

because of an expectation that an LRAM application would address the issue, and if this approach was accepted by the Board, then Board staff would agree that an LRAM application is appropriate.

In response to Board staff interrogatory #7(e), Enersource indicated that in its 2008 cost of service application it proposed a reduction to forecast throughput in the 2008 test year attributable to the effects of CDM. Enersource also indicated that the proposed reduction to the 2008 forecast throughput was eliminated in the approved Settlement Agreement. Board staff noted that the fact that an outcome of a Settlement Agreement changes the quantum of the overall load forecast as originally filed does not necessarily mean that no CDM effects are imputed into that load forecast. Board staff noted that Enersource may want to highlight in its reply whether the issue of an LRAM application was addressed in the Settlement Agreement accepted by the Board.

In the absence of the above information, Board staff did not support the recovery of the persisting lost revenues from 2005, 2006, 2007, and 2008 CDM programs in 2010 as these amounts should have been built into Enersource's last approved load forecast.

VECC submitted that energy savings from Enersource's CDM programs deployed between 2005 and 2008 are not accruable in the year 2010 as these savings should have been incorporated in the 2008 load forecast at the time of rebasing.

Persisting Impacts of 2009 Programs and Impacts of 2010 Programs in 2010

Board staff noted that Enersource has not collected the lost revenues associated with CDM programs delivered in 2009 and 2010 in 2010, a year in which Enersource was under IRM. Board staff supported the approval of 2009 lost revenues persisting in 2010 and 2010 lost revenues that were the result of 2010 CDM programs, as these lost revenues took place in an IRM year and Enersource did not have an opportunity to recover these amounts.

VECC supported the approval of lost revenues in 2010 from 2009 persistent results in 2010 and 2010 CDM program results in 2010, as these claims occurred post-rebasing and have not been claimed.

In its reply submission, Enersource noted that in its most recent rebasing, that is, its 2008 rates application (EB-2007-0706), it expressly did not include CDM savings. The Settlement Agreement stated that: "...Enersource expects that any 2008 Test Year lost

revenue attributable to CDM will be eligible for recovery through the Lost Revenue Adjustment Mechanism and that this issue will be dealt with through a future application.”⁸

Enersource noted that Board staff’s position that Enersource should not be entitled to recover persistent CDM savings is inconsistent with the Board’s past practice. Specifically, the Board did approve the persistence of savings resulting from CDM programs from 2005, 2006, 2007 and 2008 CDM in both 2008 and 2009, subsequent to Enersource’s rebasing in 2008, in which CDM savings were explicitly removed from the load forecast.

Enersource noted that it is amenable to revising its LRAM claim to incorporate adjustments arising from responses to interrogatory requests, including the utilization of the most recent OPA assumptions, dated November 15, 2011, as follows:

Original LRAM Claim	\$856,957
Updated to reflect OPA Nov 15 info	+5,680 (per response to Staff IR 7 (B))
Updated to reflect LED adjustment	-2,298 (per response to VECC IR 2 [b])
Revised LRAM Claim	\$860,339

The Board will approve Enersource’s revised LRAM claim of \$860,339, representing lost revenues arising from the persistence of 2005-2009 CDM programs in 2010 and lost revenues from 2010 CDM programs in 2010. In general, the Board is of the view that LRAM is accruable until new rates (based on a new revenue requirement and load forecast) are set by the Board, as the savings would be assumed to be incorporated in the load forecast at that time. However, as set out in the Settlement Agreement and the transcript from the oral hearing in EB-2007-0706, in which the Settlement Agreement was accepted by the Board, it is apparent that the intent was to remove the CDM effects from the load forecast and defer consideration of those CDM effects to a future LRAM proceeding. As such, the Board is of the view that it is appropriate to deviate from the 2008 CDM Guideline and approve the LRAM recovery sought by Enersource in this application. The Board approves a one year disposition period, May 1, 2012 to April 30, 2013.

⁸ EB-2007-0706, Settlement Agreement, Page 12

Smart Meter Funding Adder (“SMFA”)

In its application, Enersource requested the Board’s approval to implement a SMFA of \$0.77 per metered customer per month to replace the current Board-approved SMFA of \$2.12 per metered customer per month.

Enersource’s rationale for the continuation of a 2012 SMFA is the result of delays encountered in completing the deployment of smart meters. Enersource completed 98% of its deployment as of December 31, 2010, but, due to unforeseen issues, primarily related to issues pertaining to the need for 1,506 600 volt meters and the additional acquisition of 300 residential meters, Enersource expects smart meter deployment to be completed in the first quarter of 2012.⁹ The 300 residential meters represent outstanding installations that are the result of customer refusals, access issues and physical obstructions, including fences, and hazardous meter bases¹⁰.

The 600 volt meters present challenges due to the location of the meters (i.e. inside metal cabinets) which has posed challenges with wireless connection for reading of interval data.

Enersource forecasts that an additional \$950,000 for capital investments is needed which relates to the 1,506 600 volt meters and the acquisition of the 300 additional residential meters mentioned above.

Board staff submitted that the Board may wish to consider continuance of the SMFA with a specific termination date. Board staff noted that Enersource has requested that the SMFA be extended to April 30, 2013. Enersource is expected to rebase its rates through a cost of service application for the 2013 rate year. Given that Enersource has not yet completed the deployment of its smart meters and consequently still has remaining deployment costs to incur, Board staff submitted that Enersource’s request is reasonable.

Board staff is of the view that establishing a termination date of April 30, 2013 for the SMFA should give Enersource enough time to complete its smart meter program, including TOU implementation.

Board staff noted that it would prefer a termination date for the SMFA of December 31,

⁹ EB-2011-0100, Application, Tab 4, Page 2

¹⁰ EB-2011-0100, Interrogatory Responses, #6(B)

2012. Board staff requested that, in its reply submission, Enersource indicate to the Board whether it intends to seek a January 1 effective date for its 2013 rates. If Enersource is planning to request a January 1 effective date for 2013 rates, Board staff agreed that it was appropriate for Enersource not to assume that this would be approved by the Board; however, the Board may wish to consider this factor in its Decision.

In its reply submission, Enersource indicated that it is intending to seek a January 1 effective date for its 2013 rates. Enersource noted that it is in agreement with Board staff's suggestion to implement a termination date for the SMFA of December 31, 2012, and will incorporate the final amounts in its smart meter prudence review as part of its 2013 cost of service rebasing application.

The Board will not approve the continuation of the SMFA beyond the current expiry of April 30, 2012. The Board is of the view that the relevant metric to consider with respect to whether it is appropriate to extend a SMFA is the date at which smart meter deployment was or will be substantially completed. In this case, smart meter deployment was 98% complete on December 31, 2010. The SMFA was designed to fund the prospective deployment of smart meters with minimum functionality and was not intended to be compensatory. The Board notes that the net remaining cost for smart meters is approximately \$950,000, of a total capital budget for smart meters of approximately \$29,500,000. The Board believes that the current expiry date of the SMFA best aligns the interests of ratepayers and the utility, by balancing potential rate volatility with the need to ensure that monies collected from ratepayers serve the intended purpose.

Rate Model

With this Decision, the Board is providing Enersource with a rate model (spreadsheet) and applicable supporting models and a draft Tariff of Rates and Charges (Appendix A) that reflects the elements of this Decision. The Board also reviewed the entries in the rate model to ensure that they were in accordance with the 2011 Board approved Tariff of Rates and Charges and the rate model was adjusted, where applicable, to correct any discrepancies.

THE BOARD ORDERS THAT:

1. Enersource's new distribution rates shall be effective May 1, 2012.
2. Enersource shall review the draft Tariff of Rates and Charges set out in Appendix A. Enersource shall file with the Board a written confirmation assessing the completeness and accuracy of the draft Tariff of Rates and Charges, or provide a detailed explanation of any inaccuracies or missing information within **7 days** of the date of issuance of this Decision.
3. If the Board does not receive a submission from Enersource to the effect that inaccuracies were found or information was missing pursuant to item 2 of this Decision and Order, the draft Tariff of Rates and Charges set out in Appendix A of this order will become final effective May 1, 2012, and will apply to electricity consumed or estimated to have been consumed on and after May 1, 2012. Enersource shall notify its customers of the rate changes no later than with the first bill reflecting the new rates.
4. If the Board receives a submission from Enersource to the effect that inaccuracies were found or information was missing pursuant to item 2 of this Decision and Order, the Board will consider the submission of Enersource and will issue a final Tariff of Rates and Charges.

Cost Awards

The Board will issue a separate decision on cost awards once the following steps are completed:

1. VECC shall submit its cost claims no later than **7 days** from the date of issuance of the final Rate Order.
2. Enersource shall file with the Board and forward to VECC any objections to the claimed costs within **21 days** from the date of issuance of the final Rate Order.
3. VECC shall file with the Board and forward to Enersource any responses to any objections for cost claims within **28 days** from the date of issuance of the final Rate Order.

4. Enersource shall pay the Board's costs incidental to this proceeding upon receipt of the Board's invoice.

All filings to the Board must quote file number **EB-2011-0100**, be made through the Board's web portal at, www.errr.ontarioenergyboard.ca and consist of two paper copies and one electronic copy in searchable / unrestricted PDF format. Filings must clearly state the sender's name, postal address and telephone number, fax number and e-mail address. Parties must use the document naming conventions and document submission standards outlined in the RESS Document Guideline found at www.ontarioenergyboard.ca. If the web portal is not available parties may email their document to BoardSec@ontarioenergyboard.ca. Those who do not have internet access are required to submit all filings on a CD in PDF format, along with two paper copies. Those who do not have computer access are required to file 2 paper copies.

DATED at Toronto, April 19, 2012

ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary

Appendix A

To Decision and Order

Draft Tariff of Rates and Charges

Board File No: EB-2011-0100

DATED: April 19, 2012

Enersource Hydro Mississauga Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2012

This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors

EB-2011-0100

RESIDENTIAL SERVICE CLASSIFICATION

This classification refers to all residential services including, without limitation, single family or single unit dwellings, multi-family dwellings, row-type dwellings and subdivision developments. Energy is supplied in single phase, 3-wire, or three phase, 4-wire, having a nominal voltage of 120/240 Volts. There shall be only one delivery point to a dwelling. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	11.87
Distribution Volumetric Rate	\$/kWh	0.0119
Rate Rider for Global Adjustment Sub-Account Disposition (2012) – effective until January 31, 2014 Applicable only for Non-RPP Customers	\$/kWh	(0.0022)
Rate Rider for Deferral/Variance Account Disposition (2012) – effective until January 31, 2014	\$/kWh	(0.0011)
Rate Rider for Disposition of Accounts 1521 and 1562 (2012) – effective until April 30, 2013	\$/kWh	(0.0004)
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery/Shared Savings Mechanism (SSM) Recovery (2012) – effective until April 30, 2013	\$/kWh	0.0003
Rate Rider for Tax Changes – effective until April 30, 2013	\$/kWh	(0.0004)
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0073
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0057

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0011
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Enersource Hydro Mississauga Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2012

This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors

EB-2011-0100

GENERAL SERVICE LESS THAN 50 kW SERVICE CLASSIFICATION

This classification refers to a non-residential account whose monthly average peak demand is less than, or is forecast to be less than, 50 kW. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	39.93
Distribution Volumetric Rate	\$/kWh	0.0116
Rate Rider for Global Adjustment Sub-Account Disposition (2012) – effective until January 31, 2014		
Applicable only for Non-RPP Customers	\$/kWh	(0.0022)
Rate Rider for Deferral/Variance Account Disposition (2012) – effective until January 31, 2014	\$/kWh	(0.0011)
Rate Rider for Disposition of Accounts 1521 and 1562 (2012) – effective until April 30, 2013	\$/kWh	(0.0004)
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery/Shared Savings Mechanism (SSM)		
Recovery (2012) – effective until April 30, 2013	\$/kWh	0.0002
Rate Rider for Tax Change – effective until April 30, 2013	\$/kWh	(0.0003)
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0068
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0052

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0011
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Enersource Hydro Mississauga Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2012

This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors

EB-2011-0100

SMALL COMMERCIAL AND UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION

This classification applies to an account taking electricity at 750 volts or less whose average monthly maximum demand is less than, or is forecast to be less than, 50 kW and the consumption is either metered or unmetered. While this customer class includes existing metered customers, metered customers are no longer added to this customer class. The amount of electricity consumed by unmetered connections will be based on detailed information/documentation provided by the device's manufacturer and will be agreed to by Enersource Hydro Mississauga Inc. and the customer and may be subject to periodic monitoring of actual consumption. Eligible unmetered loads include cable TV power packs, bus shelters, telephone booths, traffic lights, railway crossings. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge for metered account	\$	10.69
Service Charge for Unmetered Scattered Load account (per connection)	\$	10.69
Distribution Volumetric Rate	\$/kWh	0.0195
Rate Rider for Global Adjustment Sub-Account Disposition (2012) – effective until January 31, 2014		
Applicable only for Non-RPP Customers	\$/kWh	(0.0022)
Rate Rider for Deferral/Variance Account Disposition (2012) – effective until January 31, 2014	\$/kWh	(0.0012)
Rate Rider for Disposition of Accounts 1521 and 1562 (2012) – effective until April 30, 2013	\$/kWh	(0.0009)
Rate Rider for Tax Changes – effective until April 30, 2013	\$/kWh	(0.0007)
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0068
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0052

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0011
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Enersource Hydro Mississauga Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2012

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EB-2011-0100

GENERAL SERVICE 50 to 499 kW SERVICE CLASSIFICATION

This classification refers to a non-residential account whose monthly average peak demand is equal to or greater than, or is forecast to be equal to or greater than, 50 kW but less than 500 kW. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.

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MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	69.86
Distribution Volumetric Rate	\$/kW	4.2044
Rate Rider for Global Adjustment Sub-Account Disposition (2012) – effective until January 31, 2014		
Applicable only for Non-RPP Customers	\$/kW	(0.7339)
Rate Rider for Deferral/Variance Account Disposition (2012) – effective until January 31, 2014	\$/kW	(0.3693)
Rate Rider for Disposition of Accounts 1521 and 1562 (2012) – effective until April 30, 2013	\$/kW	(0.0775)
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery/Shared Savings Mechanism (SSM)		
Recovery (2012) – effective until April 30, 2013	\$/kW	0.0281
Rate Rider for Tax Change – effective until April 30, 2013	\$/kW	(0.0626)
Retail Transmission Rate – Network Service Rate	\$/kW	2.6160
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	2.0283
Transmission Rate – Network Service Rate – Interval Metered	\$/kW	2.6160
Retail Transmission Rate – Line and Transformation Connection Service Rate – Interval Metered	\$/kW	2.0283

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0011
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Enersource Hydro Mississauga Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2012

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EB-2011-0100

GENERAL SERVICE 500 to 4,999 kW SERVICE CLASSIFICATION

This classification refers to a non-residential account whose monthly average peak demand is equal to or greater than, or is forecast to be equal to or greater than, 500 kW but less than 5,000 kW. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	1,538.27
Distribution Volumetric Rate	\$/kW	2.0981
Rate Rider for Global Adjustment Sub-Account Disposition (2012) – effective until January 31, 2014		
Applicable only for Non-RPP Customers	\$/kW	(0.9425)
Rate Rider for Deferral/Variance Account Disposition (2012) – effective until January 31, 2014	\$/kW	(0.4696)
Rate Rider for Disposition of Accounts 1521 and 1562 (2012) – effective until April 30, 2013	\$/kW	(0.0657)
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery/Shared Savings Mechanism (SSM)		
Recovery – effective until April 30, 2013	\$/kW	0.0111
Rate Rider for Tax Change – effective until April 30, 2013	\$/kW	(0.0494)
Retail Transmission Rate – Network Service Rate – Interval Metered	\$/kW	2.5309
Retail Transmission Rate – Line and Transformation Connection Service Rate – Interval Metered	\$/kW	1.9847

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0011
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Enersource Hydro Mississauga Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2012

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EB-2011-0100

LARGE USE SERVICE CLASSIFICATION

This classification refers to an account whose monthly average peak demand is equal to or greater than, or is forecast to be equal to or greater than, 5,000 kW. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	13,856.90
Distribution Volumetric Rate	\$/kW	2.9225
Rate Rider for Global Adjustment Sub-Account Disposition (2012) – effective until January 31, 2014		
Applicable only for Non RPP Customers	\$/kW	(1.2714)
Rate Rider for Deferral/Variance Account Disposition (2012) – effective until January 31, 2014	\$/kW	(0.6324)
Rate Rider for Disposition of Accounts 1521 and 1562 (2012) – effective until April 30, 2013	\$/kW	(0.0635)
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery/Shared Savings Mechanism (SSM)		
Recovery – effective until April 30, 2013	\$/kW	0.0035
Rate Rider for Tax Change – effective until April 30, 2013	\$/kW	(0.0502)
Retail Transmission Rate – Network Service Rate – Interval Metered	\$/kW	2.7007
Retail Transmission Rate – Line and Transformation Connection Service Rate – Interval Metered	\$/kW	2.1197

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0011
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Enersource Hydro Mississauga Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date May 1, 2012

This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors

EB-2011-0100

STANDBY DISTRIBUTION SERVICE CLASSIFICATION

This classification refers to an account that requires Enersource Hydro Mississauga to provide distribution service on a standby basis as a back-up supply to an on-site generator. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.

MONTHLY RATES AND CHARGES

A Standby Service Charge will be applied for a month where standby power is not provided. The applicable rate is the approved Distribution Volumetric Rate of the applicable service class and is applied to gross metered demand or contracted amount, whichever is greater. A monthly administration charge of \$200, for simple metering arrangements, or \$500, for complex metering arrangements, will also be applied.

Enersource Hydro Mississauga Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2012

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EB-2011-0100

STREET LIGHTING SERVICE CLASSIFICATION

This classification refers to an account for roadway lighting. Street Lighting is unmetered where energy consumption is estimated based on the connected wattage and calculated hours of use using methods established by the Ontario Energy Board. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge (per connection)	\$	1.34
Distribution Volumetric Rate	\$/kW	10.2587
Rate Rider for Global Adjustment Sub-Account Disposition (2012) – effective until January 31, 2014 Applicable only for Non RPP Customers	\$/kW	(0.7714)
Rate Rider for Deferral/Variance Account Disposition (2012) – effective until January 31, 2014	\$/kW	(0.3874)
Rate Rider for Disposition of Accounts 1521 and 1562 (2012) – effective until April 30, 2013	\$/kW	(0.2674)
Rate Rider for Tax Change – effective until April 30, 2013	\$/kW	(0.2253)
Retail Transmission Rate – Network Service Rate	\$/kW	1.8116
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.4666

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0011
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Enersource Hydro Mississauga Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date May 1, 2012

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EB-2011-0100

microFIT GENERATOR SERVICE CLASSIFICATION

This classification applies to an electricity generation facility contracted under the Ontario Power Authority's microFIT program and connected to the distributor's distribution system. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.

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MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	5.25
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Enersource Hydro Mississauga Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2012

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EB-2011-0100

ALLOWANCES

Transformer Allowance for Ownership - per kW of billing demand/month	\$/kW	(0.40)
Primary Metering Allowance for transformer losses – applied to measured demand and energy	%	(1.00)

SPECIFIC SERVICE CHARGES

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

No charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.

Customer Administration

Arrears Certificate	\$	15.00
Request for other billing information	\$	15.00
Credit reference/credit check (plus credit agency costs)	\$	15.00
Credit reference/credit check (plus credit agency costs – General Service)	\$	25.00
Income tax letter	\$	15.00
Returned cheque (plus bank charges)	\$	12.50
Account set up charge/change of occupancy charge (plus credit agency costs if applicable)	\$	30.00
Account set up charge/change of occupancy charge (plus credit agency costs if applicable – Residential)	\$	20.00
Meter dispute charge plus Measurement Canada fees (if meter found correct)	\$	10.00
Special meter reads	\$	30.00
Interval meter request change	\$	40.00

Non-Payment of Account

Late Payment - per month	%	1.50
Late Payment - per annum	%	19.56
Collection of account charge – no disconnection	\$	9.00
Disconnect/Reconnect at meter - during regular hours	\$	20.00
Disconnect/Reconnect at pole - during regular hours	\$	185.00
Disconnect/Reconnect at pole - after regular hours	\$	415.00

Temporary service install and remove – overhead – no transformer	\$	400.00
Specific Charge for Access to the Power Poles – per pole/year	\$	22.35

Enersource Hydro Mississauga Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2012

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EB-2011-0100

RETAIL SERVICE CHARGES (if applicable)

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.

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Retail Service Charges refer to services provided by a distributor to retailers or customers related to the supply of competitive electricity

One-time charge, per retailer, to establish the service agreement between the distributor and the retailer	\$	100.00
Monthly Fixed Charge, per retailer	\$	20.00
Monthly Variable Charge, per customer, per retailer	\$/cust.	0.50
Distributor-consolidated billing monthly charge, per customer, per retailer	\$/cust.	0.30
Retailer-consolidated billing monthly credit, per customer, per retailer	\$/cust.	(0.30)
Service Transaction Requests (STR)		
Request fee, per request, applied to the requesting party	\$	0.25
Processing fee, per request, applied to the requesting party	\$	0.50
Request for customer information as outlined in Section 10.6.3 and Chapter 11 of the Retail Settlement Code directly to retailers and customers, if not delivered electronically through the Electronic Business Transaction (EBT) system, applied to the requesting party		
Up to twice a year	\$	no charge
More than twice a year, per request (plus incremental delivery costs)	\$	2.00

LOSS FACTORS

If the distributor is not capable of prorating changed loss factors jointly with distribution rates, the revised loss factors will be implemented upon the first subsequent billing for each billing cycle.

Total Loss Factor – Secondary Metered Customer < 5,000 kW	1.0360
Total Loss Factor – Secondary Metered Customer > 5,000 kW	1.0145
Total Loss Factor – Primary Metered Customer < 5,000 kW	1.0256
Total Loss Factor – Primary Metered Customer > 5,000 kW	1.0045